

**TOWNSHIP OF BURLINGTON**  
*(Calhoun)*  
**FINANCIAL STATEMENTS**

**MARCH 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>TOWNSHIP OF BURLINGTON</b>	County <b>CALHOUN</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>7/9/04</b>	Date Accountant Report Submitted to State: <b>8/31/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

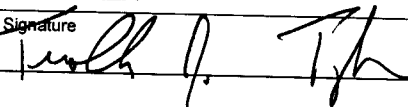
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>RUMSEY &amp; WATKINS, P.C.</b>			
Street Address <b>20 TIBBITS PLAZA</b>		City <b>COLDWATER</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>49036</b>	Date <b>8/31/04</b>

# C O N T E N T S

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# Rumsey & Watkins, P.C.

Certified Public Accountants and Business Advisors

20 Tibbits Plaza • Coldwater, Michigan 49036  
Phone (517) 279-7931 • FAX (517) 278-7087

July 9, 2004

To the Supervisor and  
Members of the Township Board  
Township of Burlington  
Calhoun County, Michigan

## INDEPENDENT AUDITORS' REPORT

We have audited the general purpose financial statements of the Township of Burlington as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Burlington as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Rumsey & Watkins, P.C.*

RUMSEY & WATKINS, P.C.

TOWNSHIP OF BURLINGTON  
ALL FUND TYPES AND ACCOUNT GROUPS  
COMBINED BALANCE SHEET  
MARCH 31, 2004

ASSETS

	GOVERNMENTAL FUND TYPES	
	General	Special Revenue
Cash		
Investments	\$ 80,677	\$ 11,632
Taxes receivable	30,000	22,536
Due from other funds	5,908	-
Property, building and equipment	16,796	-
	-	-
Total assets	<u>\$ 133,381</u>	<u>\$ 34,168</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 1,388	\$ -
Due to other funds	-	438
Total liabilities	<u>1,388</u>	<u>438</u>

FUND EQUITY

Investment in general fixed assets	-	-
Fund balance	131,993	33,730
Total fund equity	<u>131,993</u>	<u>33,730</u>
Total liabilities and fund equity	<u>\$ 133,381</u>	<u>\$ 34,168</u>

See accompanying notes to financial statements

<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUPS</u>	
<u>Tax Collection</u>	<u>General Fixed Assets</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
\$ 16,358	\$ -	\$ 108,667
-	-	52,536
-	-	5,908
-	-	16,796
-	428,313	428,313
<u>\$ 16,358</u>	<u>\$ 428,313</u>	<u>\$ 612,220</u>

\$ -	\$ -	\$ 1,388
16,358	-	16,796
<u>16,358</u>	<u>-</u>	<u>18,184</u>

-	428,313	428,313
-	-	165,723
<u>-</u>	<u>428,313</u>	<u>594,036</u>
<u>\$ 16,358</u>	<u>\$ 428,313</u>	<u>\$ 612,220</u>

TOWNSHIP OF BURLINGTON

ALL GOVERNMENTAL FUND TYPES  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004

	General	Special Revenue	TOTALS (MEMORANDUM ONLY)
<b>REVENUES</b>			
Taxes	\$ 34,994	\$ -	\$ 34,994
Licenses and permits	2,585	-	2,585
State shared revenue	104,974	1,091	106,065
Charges for services	14,337	-	14,337
Fines	-	6,995	6,995
Interest earned	4,083	450	4,533
Reimbursements	17,248	-	17,248
Other	4,149	695	4,844
Total revenues	182,370	9,231	191,601
<b>EXPENDITURES</b>			
Legislative	40,111	-	40,111
General government	68,339	-	68,339
Public safety	148,765	-	148,765
Public works	3,148	-	3,148
Recreation and cultural	-	16,513	16,513
Total expenditures	260,363	16,513	276,876
Excess (deficiency) of revenues over expenditures	(77,993)	(7,282)	(85,275)
<b>OTHER SOURCES (USES)</b>			
Transfers from other funds	-	6,000	6,000
Transfers to other funds	(6,000)	-	(6,000)
Total other sources (uses)	(6,000)	6,000	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(83,993)	(1,282)	(85,275)
<b>FUND BALANCE - BEGINNING</b>	215,986	35,012	250,998
<b>FUND BALANCE - ENDING</b>	\$ 131,993	\$ 33,730	\$ 165,723

See accompanying notes to financial statements

**TOWNSHIP OF BURLINGTON**

**GENERAL AND SPECIAL REVENUE FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES COMPARED TO BUDGET  
FOR THE YEAR ENDED MARCH 31, 2004**

	GENERAL FUND		
	Budget	Actual	Over (Under) Budget
<b>REVENUES</b>			
Taxes	\$ 34,000	\$ 34,994	\$ 994
Special assessments	7,500	-	(7,500)
Licenses and permits	4,050	2,585	(1,465)
State shared revenue	117,800	104,974	(12,826)
Charges for services	9,900	14,337	4,437
Fines	-	-	-
Interest earned	1,850	4,083	2,233
Reimbursements	12,700	17,248	4,548
Other	800	4,149	3,349
<b>Total revenues</b>	<b>188,600</b>	<b>182,370</b>	<b>(6,230)</b>
<b>EXPENDITURES</b>			
Legislative	37,900	40,111	2,211
General government	64,950	68,339	3,389
Public safety	69,450	148,765	79,315
Public works	4,900	3,148	(1,752)
Recreation and cultural	-	-	-
<b>Total expenditures</b>	<b>177,200</b>	<b>260,363</b>	<b>83,163</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>11,400</b>	<b>(77,993)</b>	<b>(89,393)</b>
<b>OTHER SOURCES (USES)</b>			
Transfers from other funds	-	-	-
Transfers to other funds	(6,000)	(6,000)	-
<b>Total other sources (uses)</b>	<b>(6,000)</b>	<b>(6,000)</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>5,400</b>	<b>(83,993)</b>	<b>(89,393)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>108,615</b>	<b>215,986</b>	<b>107,371</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 114,015</b>	<b>\$ 131,993</b>	<b>\$ 17,978</b>

See accompanying notes to financial statements



# SPECIAL REVENUE FUNDS

Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
1,600	1,091	(509)
190	-	(190)
7,585	6,995	(590)
565	450	(115)
-	-	-
600	695	95
10,540	9,231	(1,309)
-	-	-
-	-	-
-	-	-
-	-	-
17,840	16,513	(1,327)
17,840	16,513	(1,327)
(7,300)	(7,282)	18
7,300	6,000	(1,300)
-	-	-
7,300	6,000	(1,300)
-	(1,282)	(1,282)
-	35,012	35,012
\$ -	\$ 33,730	\$ 33,730

TOWNSHIP OF BURLINGTON

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Burlington conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies:

REPORTING ENTITY

The Township operates under an elected board of five members and provides primarily fire protection, road maintenance and construction, and library services to the local residents. The general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. The criteria includes oversight responsibility, scope of public service and special financing relationships. There were no component units considered, under this criteria, to be included in these general purpose financial statements.

BASIS OF PRESENTATION

The financial activities of the Township of Burlington are recorded in separate funds and account groups:

GOVERNMENTAL FUNDS

General Fund is the operating fund of the Township. It is used to account for all the Township's financial transactions not required to be accounted for in another fund.

Special Revenue Fund is used to account for Library monies requiring separate accounting because of legal, regulatory provisions and administrative action.

FIDUCIARY FUNDS

Tax Collection Fund is used to account for assets held by the Township in a trustee capacity or as an agent for other funds and/or governments. The fund is custodial in nature, assets equal liabilities, and do not involve the measurement of results of operations.

TOWNSHIP OF BURLINGTON

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

ACCOUNT GROUPS

General Fixed Assets Group of Accounts is used to account for all fixed assets of the Township utilized in its general operations.

BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used by all funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable.

BASIS OF BUDGETING

The Township adopted their annual budgets based on the modified accrual method of accounting. Expenditures were estimated by the functional level. The fund balance used in the General Fund budget was the estimated fund balance for the prior year. No fund balance was included in the Special Revenue Fund budget. Once a budget is approved, it can be amended at the functional level. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are reflected in the official minutes of the Board, and are not made after fiscal year end as dictated by law. Revisions to the budgets were made during the year.

TOWNSHIP OF BURLINGTON

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

ENCUMBRANCE ACCOUNTING

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances at year end are reappropriated in the next year. No reservation of fund balance equal to outstanding encumbrances at year end is required at March 31, 2004.

General fixed assets are recorded as expenditures in the General and Special Revenue Funds at the time of purchase. Such assets are capitalized at cost in the General Fixed Assets Group of Accounts. Infrastructure general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized. No depreciation has been provided for general fixed assets.

The Township uses estimates and assumptions in preparing the general purpose financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

Total columns on the general purpose financial statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles of the United States of America. Neither is such data comparable to a consolidation as interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF BURLINGTON

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE B - CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Township has designated financial institutions for the deposit of Township funds and has authorized the investment in certificates of deposit. The accounts maintained are checking, savings and certificates of deposit and are in accordance with statutory authority. The interest rates of the checking and savings accounts are at variable daily rates. The certificates of deposit are currently earning interest at rates of 1.1% to 1.5%.

Investments consist of certificate of deposits with an original maturity date of greater than three months. The investments are carried at cost which approximates market value.

At March 31, 2004, the carrying amount of the Township's deposits was \$161,203 and the bank balance was \$169,604. The differences between the balances are the result of deposits in transit and checks issued by the Township but not yet presented for payment. The risk exposure of the bank balance at March 31, 2004 is as follows:

Insured	\$ 165,989
Uninsured	3,615
Total cash and investments	<u>\$ 169,604</u>

TOWNSHIP OF BURLINGTON

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE C - TAXES RECEIVABLE

The Township is a general law township in which local property taxes are levied on December 1 of each year. They are collected by the Township's treasurer from December 1 to February 29.

Taxes receivable represent real property taxes, administrative fees and special assessments returned delinquent to the County of Calhoun. The real property taxes, administrative fees and special assessments in the amount of \$5,908 will be paid to the Township by the County of Calhoun in May, 2004.

NOTE D - DUE FROM/TO OTHER FUNDS

The due from/to other funds, at March 31, 2004, can be summarized as follows:

General Fund:

Due from Tax Collection Fund	\$ 16,358
Due from Special Revenue Fund	438
Total General Fund	<u>\$ 16,796</u>

NOTE E - PROPERTY, BUILDING, AND EQUIPMENT

Changes in property, building, and equipment are as follows:

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Land	\$ 43,500	\$ -	\$ -	\$ 43,500
Land improvements	490	-	-	490
Building	26,424	4,057	-	30,481
Equipment:				
Township	35,364	-	-	35,364
Library	2,837	-	-	2,837
Fire	245,470	90,171	20,000	315,641
Total	<u>\$ 354,085</u>	<u>\$ 94,228</u>	<u>\$ 20,000</u>	<u>\$ 428,313</u>

TOWNSHIP OF BURLINGTON

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE F - RISK MANAGEMENT

The Township of Burlington is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries. The Township has purchased commercial insurance for the coverage of the above discussed events.

NOTE G - COMPLIANCE WITH STATE REGULATIONS

State of Michigan Laws require that a local unit not incur expenditures in excess of the amount appropriated.

In the body of the general purpose financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional level. The approved budgets were adopted on a functional level. During the year, the Township incurred expenditures within certain functions, which were in excess of the amounts appropriated.

# Rumsey & Watkins, P.C.

Certified Public Accountants and Business Advisors

20 Tibbits Plaza • Coldwater, Michigan 49036  
Phone (517) 279-7931 • FAX (517) 278-7087

July 9, 2004

To the Supervisor and  
Members of the Township Board  
Township of Burlington  
Calhoun County, Michigan

## INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

In connection with our audit of the general purpose financial statements of the Township of Burlington for the year ended March 31, 2004, as listed in the table of contents, the accompanying additional information is submitted as additional analytical data. Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such additional information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

  
RUMSEY & WATKINS, P.C.



TOWNSHIP OF BURLINGTON  
 ADDITIONAL INFORMATION  
 GENERAL FUND  
 STATEMENT OF EXPENDITURES COMPARED TO BUDGET  
 FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>LEGISLATIVE</b>			
<b>TOWNSHIP BOARD</b>			
Trustees salaries	\$	\$ 2,507	\$
Payroll taxes		4,740	
Dues		1,074	
Supplies		4,851	
Professional fees		3,950	
Printing		707	
Insurance		11,340	
Contracted services		5,344	
Miscellaneous		1,541	
Capital outlay		4,057	
	<hr/>	<hr/>	<hr/>
Total Township Board expenditures	37,900	40,111	2,211
<b>GENERAL GOVERNMENT</b>			
<b>SUPERVISOR</b>			
Salary	5,200	5,200	-
<b>ELECTIONS</b>			
Supplies	-	304	304
<b>ASSESSOR</b>			
Contracted services	13,000	13,950	950
<b>CLERK</b>			
Salaries	10,600	10,225	(375)
<b>BOARD OF REVIEW</b>			
Salaries	750	648	(102)

TOWNSHIP OF BURLINGTON

ADDITIONAL INFORMATION

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

	Budget	Actual	Over (Under) Budget
GENERAL GOVERNMENT - Continued			
TREASURER			
Salaries			
Transportation		11,613	
Conferences		51	
Miscellaneous		195	
		88	
Total Treasurer expenditures			
	11,400	11,947	547
TOWN HALL			
Wages			
Maintenance		960	
Utilities		1,200	
		3,087	
Total Town Hall expenditures			
	4,500	5,247	747
CEMETERY			
Contracted services			
Repair and maintenance		19,403	
Miscellaneous		1,010	
		405	
Total Cemetery expenditures			
	19,500	20,818	1,318
Total General Government expenditures			
	64,950	68,339	3,389

TOWNSHIP OF BURLINGTON

ADDITIONAL INFORMATION

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

	Budget	Actual	Over (Under) Budget
<b>PUBLIC SAFETY</b>			
<b>LIQUOR LAW ENFORCEMENT</b>			
Salaries	1,000	963	(37)
<b>FIRE DEPARTMENT</b>			
Salaries		20,285	
Contracted services		550	
Supplies and maintenance		5,621	
Conferences		75	
Insurance		16,379	
Utilities		953	
Dues		165	
Transportation		390	
Miscellaneous		137	
Capital outlay		90,171	
Total Fire Department expenditures	56,100	134,726	78,626
<b>ZONING</b>			
Salary		9,362	
Professional fees		2,874	
Transportation		273	
Conferences		335	
Miscellaneous		232	
Total Zoning expenditures	12,350	13,076	726
Total Public Safety expenditures	69,450	148,765	79,315
<b>PUBLIC WORKS</b>			
Street lighting		1,860	
Drains		1,288	
Total Public Works expenditures	4,900	3,148	(1,752)
Total expenditures	\$ 177,200	\$ 260,363	\$ 83,163

TOWNSHIP OF BURLINGTON  
 ADDITIONAL INFORMATION  
 TAX COLLECTION FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED MARCH 31, 2004

	Balance April 1, 2003	Receipts	Disburse- ments	Balance March 31, 2004
<b>ASSETS</b>				
Cash	\$ 410	\$ 997,784	\$ 981,836	\$ 16,358
<b>LIABILITIES</b>				
Due to other funds	\$ 410	\$ 43,118	\$ 27,170	\$ 16,358
Due to schools	-	376,030	376,030	-
Due to Calhoun County:				
County operations	-	212,741	212,741	-
Intermediate School	-	194,151	194,151	-
State Education	-	166,670	166,670	-
Due to State	-	3,806	3,806	-
Due to individuals	-	1,268	1,268	-
Total liabilities	\$ 410	\$ 997,784	\$ 981,836	\$ 16,358

# Rumsey & Watkins, P.C.

Certified Public Accountants and Business Advisors

20 Tibbits Plaza • Coldwater, Michigan 49036  
Phone (517) 279-7931 • FAX (517) 278-7087

**RECEIVED**  
DEPT. OF TREASURY

SFP - 3 2004

LOCAL AUDIT & FINANCE DIV.

July 9, 2004

To the Supervisor and  
Members of the Township Board  
Township of Burlington  
Calhoun County, Michigan

During our audit as of and for the year ended March 31, 2004, we noted the following items which we would like to comment on further:

## **GOVERNMENTAL ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board has issued Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Governments with less than \$10 million in revenues will apply this Statement for periods beginning after June 15, 2003. This Statement will change the financial statement presentation for the Board and require written management discussions to be included within the financial statements. As we discussed in prior management letters, this issue appeared to be in the distant future, however, as the date indicates the Board must implement the new financial statement requirements for the next audit.

The Township must first decide whether they want to comply with the requirements of GASB 34. Many local governmental units have expressed dissatisfaction with GASB 34, in that they feel the cost of implementing the statement exceeds the benefit of the additional information. The Local Audit and Finance Division of the Treasury Department of the State of Michigan is responsible for overseeing compliance. The Local Audit Division has determined that omission of various items required by GASB 34 will not result in any sanctions or in a request for remediation. The only issue of concern is the auditor's opinion may need to be modified for departures from generally accepted accounting principles, and would result in an adverse opinion. Based on the current situation of the Township, we feel the effort and additional cost required could exceed the value of the additional information generated and would provide little, if any, benefit. This will need to be an item discussed at the board level. After reviewing this letter, we would be glad to discuss any of these matters further with you and assist in the implementation.

*Rumsey & Watkins, P.C.*  
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